

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF BALLARD)
RURAL TELEPHONE COOPERATIVE)
CORPORATION, INC., FOR APPROVAL) CASE NO. 8785
OF THE EXPENSING OF STATION)
CONNECTIONS)

O R D E R

PROCEDURAL BACKGROUND

On April 29, 1983, Ballard Rural Telephone Cooperative Corporation, Inc., ("Ballard") filed an application to implement rates on October 1, 1983, to reflect phase 3 expensing of station connections, pursuant to the Commission's Orders of September 28, 1981, February 10, 1982, and March 17, 1982, in Case No. 8336, The Application of Ballard Rural Telephone Cooperative Corporation, Inc., to Consider Changes with Respect to the Expensing of Station Connections Resulting from the Amendment of the Uniform System of Accounts. The application was not suspended because Ballard allowed the Commission ample time to investigate the reasonableness of its proposed rates.

On May 26, 1983, the Attorney General through the Division of Consumer Protection ("AG") filed a motion to intervene in the case. However, the AG has not filed a further motion for hearing or dismissal, or a brief in the case. There are no other parties of record.

On June 9, 1983, the Commission ordered Ballard to file certain information relating to the expensing of station connections which Ballard filed on July 12, 1983.

The Commission's Orders in Case No. 8836 allowed Ballard the opportunity to file tariffs on an annual basis to recover expenses related to the Commission's adoption of a 4-year phase-in plan for the expensing of station connections. The Commission's Orders also conditioned rate relief on Ballard's ability to absorb any increased expense, based on the rate of return approved in its most recent rate case. The information Ballard has filed in the case has been examined and the Commission has determined that it complies with the Commission's criteria established to determine absorption potential.

FINDINGS

The Commission, having examined the evidence of record and being advised, is of the opinion and finds that:

1. Ballard's return on rate base for the test period ending February 28, 1983, is 8.27 percent.

2. Absorption of any portion of the increased operating expense due to the expensing of station connections will materially impair Ballard's ability to earn the return on rate base of 8.30 percent authorized on January 26, 1976, in Case No. 6470, Application of Ballard Rural Telephone Cooperative Corporation, Inc., for an Upward Adjustment in Rates and Charges for Telephone Service.

3. The rates proposed by Ballard are not compensatory and should be denied. Ballard's revenue requirement for phase 3

expensing of station connections is \$45,119. However, Ballard proposed rates that yield only \$43,228.

4. The rates in Appendix A are compensatory and are the fair, just and reasonable rates for Ballard to charge its customers for station connections.

ORDERS

IT IS THEREFORE ORDERED that Ballard's proposed rates for service connections be and they hereby are denied.

IT IS FURTHER ORDERED that Ballard be and it hereby is authorized the rates in Appendix A, effective October 1, 1983.

IT IS FURTHER ORDERED that within 30 days from the date of this Order Ballard shall file revised tariff sheets with the Commission stating the rates authorized in Appendix A.

IT IS FURTHER ORDERED that all provisions of the Commission's Orders of September 28, 1981, February 10, 1982, and March 17, 1982, in Case No. 8336 shall remain in full force and effect, and Ballard may file rates for phase 4 expensing of station connections in accordance with these Orders.

Done at Frankfort, Kentucky, this 19th day of September, 1983.

PUBLIC SERVICE COMMISSION


Chairman

Not participating
Vice Chairman

ATTEST:


Commissioner

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 8785 DATED SEPTEMBER 19, 1983

The following rates and charges are prescribed for the customers in the area served by Ballard Rural Telephone Cooperative Corporation, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Installation Charges

Rate

(Premises Wiring Required)
Key / PBX System
Individual Line - Business
Individual Line - Residence
Station Additions

\$62.60
62.60
57.20
26.35

Service Connection Charges

(Premises Wiring Not Required)
Key / PBX Trunk Termination
Individual Line Connection
Inside Moves
Outside Moves
Name Change
Number Change
Restoral of Service
Station Changes

\$30.00
10.70
24.05
28.55
5.00
10.70
10.70
26.35

Other Service Charges

Maintenance Charge - 1st hour
- each additional 1/2 hour
Collection Charge
Colored Telephone Charge
Long Cord Charge - 12-foot cord
25-foot cord
Jack Installation
Returned Check Charge

25.00
10.00
5.00
Deleted
4.25
5.00
Deleted
10.00